UNITED
NATIONS

A

General Assembly

Distr.
GENERAL

A/52/746/Add.1
29 March 1998
ENGLISH
ORIGINAL: ARABIC

Fifty-second session
Agenda item 114

REVIEW OF THE EFFICIENCY OF THE ADMINISTRATIVE AND FINANCIAL FUNCTIONING OF THE UNITED NATIONS

Report of the Fifth Committee (Part II)

Rapporteur: Mr. Djamel MOKTEFI (Algeria)

I. INTRODUCTION

1. The previous recommendations made by the Fifth Committee to the General Assembly under agenda item 114 appear in the report of the Committee contained in document A/52/746.

2. The Fifth Committee resumed its consideration of the item at its 47th to 50th, 53rd, 56th, 58th and 59th meetings, from 9 to 12 and on 19, 23, 26 and 27 March 1998. Statements and observations made in the course of the Committee's further consideration of the item are reflected in the relevant summary records (A/C.5/52/SR.47-50, 53, 56, 58 and 59).

3. For its consideration of the item the Committee had before it the following documents:

(a) Fourth report of the Advisory Committee on Administrative and Budgetary Questions on procurement reform (A/52/7/Add.3);

(b) Report of the Secretary-General on the proposed United Nations Code of Conduct (A/52/488);

(c) Report of the Secretary-General on procurement reform (A/52/534 and Corr.1);

(d) Note by the Secretary-General transmitting the report of the Office of Internal Oversight Services on the review of outsourcing practices in the United Nations (A/51/804);

(e) Note by the Secretary-General transmitting the report of the Office of Internal Oversight Services on the review of the programme and administrative practices of the secretariat of the International Trade Centre UNCTAD/WTO (A/51/933);

(f) Note by the Secretary-General transmitting the report of the Joint Inspection Unit entitled "The challenge of outsourcing for the United Nations system" (A/52/338);

(g) Note by the Secretary-General transmitting the report of the Office of Internal Oversight Services on the investigation into alleged conflict of interest in the United Nations Centre for Human Settlements (Habitat) (A/52/339) and comments of the Joint Inspection Unit thereon (A/52/339/Add.1);

(h) Note by the Secretary-General transmitting the report of the Office of Internal Oversight Services on the audits of the regional commissions (A/52/776);

(i) Note by the Secretary-General transmitting the report of the Office of Internal Oversight Services on the review of programme management in the Crime Prevention and Criminal Justice Division (A/52/777);

(j) Note by the Secretary-General transmitting the report of the Office of Internal Oversight Services on the review of the implementation of procurement reform (A/52/813).

II. CONSIDERATION OF PROPOSALS

A. Draft decision proposed by the Chairman

4. At the 58th meeting, on 26 March, the Chairman of the Committee reminded the Committee of its decision to consider the report of the Secretary-General on the proposed United Nations Code of Conduct (A/52/488) under agenda items 114, 153 and 157.

5. At the same meeting, the Chairman orally proposed a draft decision entitled "Proposed United Nations Code of Conduct", which the Committee adopted without a vote (see para. 10).

B. Draft resolution A/C.5/52/L.31

6. At the 59th meeting, on 27 March, the representative of Australia, on behalf of the Chairman, introduced a draft resolution entitled "Procurement reform and outsourcing" (A/C.5/52/L.31), submitted on the basis of informal consultations.

7. At the same meeting, the Committee adopted draft resolution A/C.5/52/L.31 without a vote (see para. 9).

8. After the adoption of the resolution, statements in explanation of position were made by the representatives of Indonesia (on behalf of the States Members of the United Nations that are members of the Group of 77 and China), the Syrian Arab Republic, the Russian Federation, Turkey, Uganda, Pakistan, Canada and India.

III. RECOMMENDATIONS OF THE FIFTH COMMITTEE

9. The Fifth Committee recommends to the General Assembly the adoption of the following draft resolution:

Procurement reform and outsourcing

A

The General Assembly,

Reaffirming its resolutions 49/216 C of 23 December 1994, 51/231 of 13 June 1997, 51/243 of 15 September 1997 and 52/220 of 22 December 1997,

Having considered the report of the Secretary-General on procurement reform[1] and the related report of the Advisory Committee on Administrative and Budgetary Questions,[2]

Having also considered the note by the Secretary-General transmitting the report of the Office of Internal Oversight Services on the review of the implementation of procurement reform,[3]

1. Calls upon the Secretary-General to ensure strict adherence to the regulations and rules governing the procurement process;

2. Notes with concern that its resolution 51/231 and a number of the recommendations contained in the report of the High-level Group of Experts on Procurement remain largely unimplemented, and therefore calls on the Secretary-General to ensure their full implementation without any further delay;

3. Notes that the revised procurement manual has not been issued, and requests the Secretary-General to publish the manual no later than 31 March 1998 as stated in the report of the Secretary-General;

4. Also notes the delay in submission of proposals for revision of the Financial Regulations and Rules of the United Nations, which may be necessary to facilitate implementation of the procurement reform process, and requests the

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[1] A/52/534 and Corr.1.

[2] A/52/7/Add.3.

[3] A/52/813.

Secretary-General to submit such proposals to the General Assembly, through the Advisory Committee on Administrative and Budgetary Questions, for consideration by the Assembly at the second part of its resumed fifty-second session;

5. Requests the Secretary-General, in the context of his next report on procurement reform, to evolve and provide the standards for measuring efficiency of procurement, taking into account the optimal duration of the procurement decision-making process, the total workload in the Procurement Division and the cost-efficiency of procurement, against which the performance should be measured;

6. Notes the decline in ex post facto cases and underscores the need to reduce further the number of such cases through better procurement planning;

7. Requests the Secretary-General to ensure that all departments and offices at Headquarters and in the field develop, in cooperation with the Procurement Division, annual procurement plans, which should be made publicly available;

8. Emphasizes the need for a sharper definition of exigency needs, and urges the Secretary-General to submit his proposal to the General Assembly, through the Advisory Committee on Administrative and Budgetary Questions, no later than 31 March 1998, as stated in his report;

9. Requests the Secretary-General to consider measures to improve the working methods of the Headquarters Committee on Contracts in order to enhance and expedite the procurement decision-making process;

10. Regrets that the report of the Secretary-General does not contain information on the action taken regarding the guidelines on the methods of invitation to bid, which was recommended by the Board of Auditors in its report on procurement for the period ending 31 December 1995,[4] and requests the Secretary-General to submit the guidelines on methods of invitation to bid, through the Advisory Committee on Administrative and Budgetary Questions, for consideration by the General Assembly at the second part of its resumed fifty-second session;

11. Also regrets that the information requested in paragraphs 18 and 37 of its resolution 51/231 was not provided in the report of the Secretary-General, and emphasizes that immediate action should be taken for full implementation of the resolution;

12. Further regrets that, despite the initial efforts of the Secretary-General, the supplier roster is still not representative of the membership of the Organization, and requests him to intensify further and focus his efforts to broaden the geographical base of the supplier roster;

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[4] See Official Records of the General Assembly, Fifty-first Session, Supplement No. 5 (A/51/5), vol. I.

13. Requests the Secretary-General to take all possible measures to increase procurement from developing countries and countries with economies in transition, including the following measures:

(a) All invitations to bid should be posted on the Procurement Division Web site homepage as soon as they are prepared, in accordance with the Financial Regulations and Rules of the United Nations;

(b) All invitations to bid should be sent to the permanent missions, as well as to all United Nations information centres and other United Nations offices;

(c) Procurement Division officials may undertake visits to developing countries and countries with economies in transition to attend seminars and exhibitions with a view to identifying potential vendors from those countries;

(d) All commercial opportunities should be published in Development Business, which is issued by the Department of Public Information;

14. Also requests the Secretary-General to examine ways to increase opportunities for developing countries in the award of procurement contracts, in particular least developed and African countries and countries with economies in transition, taking into account the experience of preferential treatment in this regard in the funds and programmes and to report thereon to the General Assembly at its fifty-third session;

15. Further requests the Secretary-General to examine the possibility of awarding procurement contracts to equally qualified vendors from countries that are current in the payment of their assessed contributions, taking into account the experience of other intergovernmental institutions with such practices and to report thereon to the General Assembly at its fifty-third session;

16. Requests the Secretary-General to develop standard procedures for the preparation of performance evaluation reports on suppliers, as requested by the General Assembly in paragraph 15 of its resolution 51/231;

17. Reiterates its concern about the use of suppliers recommended by requisitioners and, noting that this practice undermines the principle of segregation of responsibilities between requesting and procurement entities, requests the Secretary-General to discontinue the practice;

18. Requests the Secretary-General to revise paragraphs (f) and (g) of rule 110.19 of the Financial Regulations and Rules of the United Nations to include professional services, medicines, medical supplies, hospital or surgical supplies or prosthetic appliances in the supplier's list and therefore in the open bidding process;

19. Emphasizes that the procurement of goods and services in the field missions could be sourced competitively at the local or regional levels;

20. Notes the progress made in the area of staff training, and requests the Secretary-General to develop further a formal training programme for all procurement staff;

21. Reiterates its decision that all procurement-related functions should only be performed by United Nations staff, and requests the Secretary-General to phase out gratis personnel from the Procurement Division expeditiously, but no later than 31 July 1998;

22. Requests the Secretary-General to review the organizational structure of the Procurement Division in order to ensure effective and efficient management, taking into account the implementation of procurement reforms, including the recommendations contained in the reports of the Advisory Committee on Administrative and Budgetary Questions,[2] the Board of Auditors[4] and the Office of Internal Oversight Services[3] and to report thereon, through the Advisory Committee, to the General Assembly;

23. Underlines the need to maintain the inventory record in accordance with the relevant regulations and rules;

24. Requests the Secretary-General to entrust the Office of Internal Oversight Services with conducting a comprehensive review and analysis of the procurement-related arbitration cases and reporting to the General Assembly at its fifty-third session on measures to be taken;

25. Also requests the Secretary-General to define and publish the procedures governing the role of the ombudsman and to examine the feasibility of designating that position in a division other than those under the direct authority of the Assistant Secretary-General for Central Support Services;

26. Regrets the continued delay in the publication of the procurement manual, and notes with concern the apparent absence of effective communication between the various key Secretariat departments involved in its preparation;

27. Requests the Secretary-General to examine alternative methods of collecting statistical data in order to provide a more transparent view of the true national provenance of companies benefiting from procurement contracts;

28. Also requests the Secretary-General to present proposals on possible amendments to the Financial Regulations and Rules and the Staff Regulations and Rules of the United Nations in order to address issues of potential conflict of interest, such as the employment of former United Nations procurement officers by United Nations suppliers and vice versa;

29. Further requests the Secretary-General to report to the General Assembly at the main part of its fifty-third session on the implementation of all of the provisions of the present resolution.

B

The General Assembly,

Having considered the report of the Joint Inspection Unit entitled "The challenge of outsourcing for the United Nations system"[5] and the report of the Office of Internal Oversight Services on the review of the implementation of procurement reform,[6]

1. Welcomes the continued coordination of efforts between the Office of Internal Oversight Services and the Joint Inspection Unit to improve and streamline the outsourcing activities of the United Nations and the organizations of the United Nations system;

2. Requests the Secretary-General to submit a comprehensive report on outsourcing practices, duly taking into account the reports of the Joint Inspection Unit[5] and the Office of Internal Oversight Services,[6] for consideration by the General Assembly at the main part of its fifty-third session.

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10. The Fifth Committee recommends to the General Assembly the adoption of the following draft decision:

Proposed United Nations Code of Conduct

The General Assembly, having considered the report of the Secretary-General on the proposed United Nations Code of Conduct,[7] and taking into account the views expressed by Member States,

(a) Invites the International Civil Service Commission to examine the proposed Code of Conduct, as a matter of priority, at its forthcoming session;

(b) Requests the Fifth Committee, in the light of the comments and observations of the International Civil Service Commission, to revert to the question of the proposed United Nations Code of Conduct at its resumed fifty-second session, with a view to taking a decision on it.

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[5] A/52/338.

[6] A/52/813.

[7] A/52/488.